



Financial information

For the period ended on
March 31, 2011

REXEL

ELECTRICAL SUPPLIES



Société anonyme with a Management Board and a Supervisory Board

Share capital: €1,302,533,275

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Financial information for the period ended on March 31, 2011

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I. Activity report

This document is a free translation into English of the activity report for the period ended March 31, 2011 issued in the French language and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the activity report for the period ended March 31, 2011, the French version will prevail.

1. | OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as “the Group” or “Rexel”).

The activity report is presented in euros and all values are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

1.1 | Financial situation of the Group

1.1.1 | Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group operates in three main geographic areas: Europe, North America, and the Asia-Pacific region. This geographic segmentation was determined on the basis of the Group’s financial reporting structure. The segment called “Other Operations covers:

- The electrical equipment distribution business in Latin America (Brazil and Chile);
- The ACE (Agencies/Consumer Electronics) division acquired as part of Hagemeyer acquisition ;
- Certain businesses managed at group level;
- Unallocated corporate overhead expenses.

In the first quarter of 2011, the Group recorded consolidated sales of €3,004.9 million, of which €1,787.5 million were generated in Europe (60% of sales), €845.9 million in North America (28% of sales), €284.1 million in the Asia-Pacific region (9% of sales), and €87.5 million for Other Operations (3% of sales).

The Europe zone consists of France (which accounts for approximately 35% of consolidated Group sales in this zone), Germany, the United Kingdom, Ireland, Austria, Switzerland, the Netherlands, Belgium, Luxembourg, Sweden, Finland, Norway, Italy, Spain and Portugal, as well as several other Central and Northern European countries (Slovenia, Hungary, Slovakia, the Czech Republic, Poland, Russia and the Baltic States).

The North America zone consists of the United States and Canada. The United States accounts for approximately 67% of consolidated Group sales in this zone, and Canada approximately 33%.

The Asia-Pacific region consists of Australia, New Zealand, China and India, since January 1st 2011, as well as certain countries in Southeast Asia (Indonesia, Malaysia, Singapore and Thailand). Australia accounts for approximately 64% of consolidated Group sales in this region and New Zealand close to 11%.

The analysis provided in this document covers the Group’s sales, gross profit, distribution and administrative expenses, operating income before amortization of intangible assets (recognized in terms of purchase price allocations and other income and other expenses (EBITA) for each of the three geographic segments, as well as for the Other Operations segment.

1.1.2 | Seasonality

Despite the low impact of seasonality on sales, the changes in the working capital requirement lead to seasonal cash flows, with, as a general rule, a weaker first and third quarter, because of the increase in working capital requirement and a stronger second and fourth quarter.

1.1.3 | Effects of change in copper prices

The Group is indirectly exposed to fluctuations in copper prices in connection with the distribution of cable products. Cables represent approximately 17% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect, since cable prices also depend on suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in the copper price have an estimated "recurring" effect and an estimated "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the selling price of cables, from one period to another. This effect mainly relates to sales;
- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the selling price of cables between the moment they are purchased and the time they are sold, until all inventory has been reconstituted (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA is the non-recurring effect on gross profit. It is offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (mainly the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The two effects are assessed as much as possible on all cable sales over the period, the majority of the sales figure being covered in this way. Internal Rexel Group procedures stipulate that entities which do not have information systems allowing such exhaustive calculation must estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period. On the basis of the sales covered, the Rexel Group deems the effects thus measured to be a reasonable estimate.

1.1.4 | Comparability of the Group's operating results

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Exchange rates may also fluctuate significantly. The number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper prices. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated for the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to the transaction risk of using different currencies, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparatives at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.3 above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as “adjusted” in the rest of this document.

Excluding the effects of different numbers of working days in each period on sales

The Group’s sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number to match with the current period’s number of working days. This effect, regarding number of working days, is not deemed relevant by the Group for other income statement items.

Accordingly, in the following discussion of the Group’s consolidated results, the following information may be provided for comparison purposes:

- On a constant basis, meaning excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales and headcount;
- On a constant basis and same number of working days, meaning on a constant basis and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales;
- On a constant basis, adjusted, meaning on a constant basis and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA.

This information does not derive from accounting systems but is an estimate of comparable data in accordance with the principles explained above.

EBITA is used to monitor the Group’s performance. EBITA is not an accepted accounting measure under IFRS. The table below sets out the reconciliation from reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

<i>(in millions of euros)</i>	Quarter ended March 31	
	2011	2010
Operating income before other income and other expenses	155.0	104.3
Changes in scope effects		0.2
Foreign exchange effects		3.4
Non-recurring effect related to copper	(13.0)	(7.8)
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	4.7	5.0
Adjusted EBITA on a constant basis	146.6	105.1

1.2 | Comparison of the financial results at March 31, 2011 and 2010

1.2.1 | Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for the first quarter of 2011 and 2010, in millions of euros and as a percentage of sales.

REPORTED (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	3,004.9	2,697.6	11.4%
Gross profit	761.3	678.2	12.3%
Distribution and administrative expenses(1)	(601.7)	(568.9)	5.8%
EBITA	159.7	109.3	46.0%
Amortization(2)	(4.7)	(5.0)	(7.5)%
Operating income before other income and expenses	155.0	104.3	48.6%
Other income and expenses	(3.9)	(15.2)	(74.3)%
Operating income	151.1	89.1	69.6%
Financial expenses	(41.6)	(50.7)	(17.9)%
Share of income from associates	(0.9)	(1.1)	(18.2)%
Income taxes	(22.1)	(8.0)	more than 100%
Net income	86.5	29.3	more than 100%
<i>as a % of sales</i>	2.9%	1.1%	
(1) Of which depreciation	(18.4)	(19.0)	(3.2)%
(2) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions.			

CONSTANT BASIS ADJUSTED FINANCIAL DATA (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	3,004.9	2,778.4	8.2%
<i>Same number of working days</i>			7.3%
Gross profit	746.8	691.9	7.9%
<i>as a % of sales</i>	24.9%	24.9%	
Distribution and administrative expenses	(600.2)	(586.8)	2.3%
<i>as a % of sales</i>	(20.0)%	(21.1)%	
EBITA	146.6	105.1	39.6%
<i>as a % of sales</i>	4.9%	3.8%	

Sales

In the first quarter of 2011, Rexel's consolidated sales grew 11.4% to €3,004.9 million, up 7.3% on a constant basis and for the same number of working days.

The effect of acquisitions, net of disposals, amounted to €1.6 million. It results from entities Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India and Wuhan Rockcenter automation in China acquired during the first quarter of 2011 as well as Grossauer in Switzerland and Luckywell Int'l Investment Limited in China acquired in December 2010. These entities were included in the consolidation perimeter since January 1st 2011 and had a positive impact on sales of €39 million. Disposals related to the sale of HLC Asia and Haagtechno had an impact of €37.4 million on sales.

The effect of change in foreign exchange rate was positive, up €79.3 million, mainly due to the strengthening of the Australian and Canadian dollars, the Swedish krona and the pound sterling against the euro.

The following table analyzes developments in sales growth between Q1 2010 and Q1 2011, on a reported basis and on a constant basis with the same number of working days:

	Q1
Growth on a constant basis and same number of working days	7.3%
Number of working days effect	0.9%
<i>Organic growth</i>	(a) 8.2%
Changes in scope effect	0.1%
Foreign exchange effect	2.9%
<i>Total scope and currency effects</i>	(b) 3.0%
Effective growth (a) x (b) (1)	11.4%

(1) Organic growth compounded by the scope and currency effects

During the first quarter of 2011, sales increased by 7.3% on a constant basis and same number of working days. Higher copper-based cable prices compared to the year 2010 had an estimated impact of 3.0 percentage points.

Gross profit

In the first quarter of 2011, gross profit amounted to €761.3 million, an increase of 12.3% compared with 2010. On a constant basis, adjusted gross margin remained stable at 24.9% of sales.

Distribution & administrative expenses

On a constant basis, adjusted distribution and administrative expenses grew by 2.3% between 2010 and 2011, for an increase in sales of 8.2%. Adjusted personnel costs increased by 3.6% on a constant basis. Note that the decline in these costs at March 31, 2010 was 7.9% on a constant basis, reflecting the headcount reductions implemented in 2009 to adapt to the economic environment. At March 31, 2011, the Group employed a total of 28,289 people, down 2.3 % compared with the same period last year, on a constant basis. Lease and maintenance expenses declined 4.2% on a constant basis, reflecting the effect of branch closures during 2010 on the first quarter 2011. Other adjusted external expenditure increased 3.9% on a constant basis in line with the increase in sales. Impairment of receivables and credit insurance costs remained stable at 0.5% of sales.

EBITA

EBITA stood at €159.7 million in the first quarter of 2011, a rise of 46% compared with the first quarter of 2010, on a reported basis. On a constant basis, adjusted EBITA increased 39.6% and adjusted EBITA margin by 110 basis points from 3.8% in 2010 to 4.9% in 2011. This improvement is the result of higher sales, the improvement in gross margin and the relatively stable distribution and administrative expenses.

Other income and other expenses

During Q1 2011, other income and other expenses represented a net expense of €3.9 million, consisting mainly of €2.8 million in restructuring costs incurred to complete the restructuring plans initiated in 2010 in France (€0.7 million) and in the Netherlands (€1.4 million). The transaction costs arising from acquisitions completed or in process totaled €1.4 million.

Financial profit or loss

In the first quarter of 2011, net financial expenses stood at €41.6 million compared with €50.7 million for the same period in 2010, with an effective rate of 6.7% and 7.5%, respectively. The change in the effective interest rate can be attributed mainly to the decrease in the margin applied to the Senior Credit Agreement, indexed to the indebtedness ratio of Rexel.

Share of profit/(loss) of associates

In the first quarter of 2011, the share of profit/(loss) of associates was a loss of €0.9 million. This loss related to DPI (US electronic products retail distributor) is mainly due to a seasonality effect on sales.

Tax expense

The effective tax rate was 20.2% at March 31, 2011, compared with 20.9% at March 31, 2010.

Net income

Net income amounted to €86.5 million in the first quarter of 2011, compared with €29.3 million in the first quarter of 2010.

1.2.2 | Europe (60% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	1,787.5	1,620.7	10.3%
Gross profit	485.6	432.1	12.4%
Distribution and administrative expenses	(361.2)	(344.8)	4.8%
EBITA	124.4	87.3	42.5%
<i>as a % of sales</i>	7.0%	5.4%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA			
(in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	1,787.5	1,663.5	7.5%
<i>Same number of working days</i>			6.0%
Gross profit	475.1	437.8	8.5%
<i>as a % of sales</i>	26.6%	26.3%	
Distribution and administrative expenses	(360.1)	(353.3)	1.9%
<i>as a % of sales</i>	(20.1)%	(21.2)%	
EBITA	115.0	84.5	36.1%
<i>as a % of sales</i>	6.4%	5.1%	

In the first quarter of 2011, sales increased by 10.3% to €1,787.5 million in Europe compared with Q1 2010. Acquisitions, net of disposals, accounted for an increase of €12.3 million, due to the acquisition of Grossauer. Favorable exchange rate variations totaled €30.5 million, primarily due to the appreciation of the Swedish krona and pound sterling against the euro. On a constant basis and same number of working days, sales improved by 6% during Q1 2011 compared with 2010, boosted by the increase in the price of copper-based cable.

In France, sales amounted to €621.4 million in the first quarter of 2011, up 7.7% on a constant basis and same number of working days. Growth has mainly taken place in commercial and industrial end-markets while the residential market remains weak. Projects and large accounts initiatives contributed especially to quarterly growth. The Group considers that its market share has grown.

Sales in the United Kingdom amounted to €240.3 million in the first quarter of 2011, an increase of 1.5% on a constant basis and same number of working days. This level of growth was achieved as a result of the targeted growth initiatives which were implemented despite an economic climate that remains fragile and has led to declining volumes. The Group considers that it outperformed the market.

In Germany, sales fell back a slight 0.3% to €202 million in the first quarter of 2011 on a constant basis and same number of working days. The main driver was lower photovoltaic sales compared with the first quarter of 2010, which was particularly high as a result of the level of public subsidies in force in 2010. Excluding photovoltaic, sales were up 10.1% thanks to higher copper prices and industrial end-market activity, especially in the automotive sector and the chemical industry.

In Scandinavia sales stood at €210.7 million in the first quarter of 2011, a rise of 5.9% on a constant basis and the same number of working days. The activities in Finland recorded an 11.3% increase in sales driven by contractors and utilities. In Sweden, sales increased by 4.9% mainly in utilities. Sales in Norway posted a 3.8% increase, mainly among contractors. The Group considers that it outperformed the market.

In Q1 2011, the Group recorded a 12.4% increase in gross profit to €485.6 million, compared with 2010. On a constant basis, adjusted gross margin was 26.6% of sales for the quarter, an improvement of 30 basis points from 26.3% in the first quarter of 2010, mainly due to better purchasing terms.

On a constant basis, adjusted distribution and administrative expenses increased by 1.9% for a 7.5% increase in sales. These expenses had fallen by 7.5% during the first quarter of 2010. Lease and maintenance expenses decreased by 4.7% on a constant basis compared with the first quarter of 2010 due to the rationalization of the branch network.

EBITA amounted to €124.4 million, a 42.5% increase compared with the first quarter of 2010. On a constant basis, adjusted EBITA increased by 36.1% while the adjusted EBITA margin increased by 130 basis points to 6.4% in the first quarter of 2011.

1.2.3 | North America (28% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	845.9	746.1	13.4%
Gross profit	180.2	163.9	9.9%
Distribution and administrative expenses	(154.1)	(149.8)	2.9%
EBITA	26.1	14.1	84.9%
<i>as a % of sales</i>	<i>3.1%</i>	<i>1.9%</i>	

CONSTANT BASIS ADJUSTED FINANCIAL DATA			
(in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	845.9	766.5	10.4%
<i>Same number of working days</i>			<i>10.4%</i>
Gross profit	177.6	166.1	6.9%
<i>as a % of sales</i>	<i>21.0%</i>	<i>21.7%</i>	
Distribution and administrative expenses	(153.8)	(153.3)	0.4%
<i>as a % of sales</i>	<i>(18.2)%</i>	<i>(20.0)%</i>	
EBITA	23.8	12.8	85.3%
<i>as a % of sales</i>	<i>2.8%</i>	<i>1.7%</i>	

In Q1 2011, sales in North America amounted to €845.9 million, up by 13.4% compared with 2010. This increase includes a favorable effect of €20.4 million of variations in the euro to US dollar and Canadian dollar exchange rate. On a constant basis and same number of working days, sales rose 10.4% in the first quarter of 2011 compared with 2010, boosted by higher copper-based cable prices than in 2010.

In the United States, sales amounted to €565.1 million in Q1 2011, an increase of 6.2% on a constant basis and same number of working days. The overall economic environment remains uncertain: The industrial market grew, especially in the energy and mining sectors, while the residential and commercial sectors remained low. Rexel benefited from its investments in growth initiatives such as energy efficiency, transportation, infrastructure, education and healthcare.

In Canada, sales amounted to €280.8 million in the first quarter of 2011, up by 19.7% on a constant basis and same number of working days. Strong growth took place across all regions. Project sales were good, in industrial and commercial sectors. Calls for tender remained active and the backlog is greater than last year.

In the first quarter of 2011, gross profit increased 9.9% on 2010 levels to €180.2 million. On a constant basis, adjusted gross margin declined by 70 basis points compared with 2010 to 21% of sales in Q1 2011. This fall results from the heavier weighting of the projects activity and of direct sales in regional sales.

On a constant basis, adjusted distribution and administrative expenses increased slightly by 0.4% for a 10.4% increase in sales. Adjusted personnel costs decreased by 0.8% on a constant basis due to the reductions in the workforce carried out in 2010. The workforce was reduced by 5.1% compared with March 31, 2010 on a constant basis, to 7,212 employees at March 31, 2011. Lease expenses reflect the benefits of the reorganization of the branch network in 2010.

EBITA in Q1 2011 climbed to €26.1 million, an increase of 84.9% compared with 2010. On a constant basis, adjusted EBITA rose 85.3%, and the adjusted EBITA margin increased by 110 basis points to 2.8%.

1.2.4 | Asia-Pacific (9% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	284.1	235.8	20.5%
Gross profit	64.2	52.4	22.7%
Distribution and administrative expenses	(48.8)	(40.3)	21.1%
EBITA	15.4	12.1	27.9%
<i>as a % of sales</i>	5.4%	5.1%	

CONSTANT BASIS ADJUSTED FINANCIAL DATA			
(in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	284.1	263.7	7.7%
<i>Same number of working days</i>			8.1%
Gross profit	62.9	58.4	7.8%
<i>as a % of sales</i>	22.1%	22.2%	
Distribution and administrative expenses	(48.8)	(45.0)	8.4%
<i>as a % of sales</i>	(17.2)%	(17.1)%	
EBITA	14.1	13.4	5.1%
<i>as a % of sales</i>	5.0%	5.1%	

The first quarter of 2011 saw sales in the Asia-Pacific zone increase by 20.5% compared with 2010 to €284.1 million. The acquisitions of Luckywell and Yantra contributed €5 million, with a further €23 million from positive exchange rate effects, primarily due to the rise of the Australian dollar against the euro. On a constant basis and same number of working days, sales increase by 8.1%.

Australia recorded a 7.3% increase in sales to €181.6 million, as compared with 2010, on a constant basis and same number of working days. This growth was driven by projects activity.

New Zealand recorded sales of €30.7 million during the first quarter of 2011, a decrease of 1.9% on a constant basis and same number of working days, as compared with 2010, with sales affected by the Christchurch earthquake in February.

In Asia, sales amounted to €71.8 million in the first quarter of 2011, up by 15.6% compared with 2010, on a constant basis and same number of working days. Rexel posted a strong performance in the industrial automation sector.

In the first quarter of 2011, gross profit increased by 22.7% to €64.2 million. On a constant basis the adjusted gross margin was 22.1%, down slightly, by 10 basis points, due to the increased contribution of China to regional sales.

On a constant basis, adjusted distribution and administrative expenses increased by 8.4% compared with 2010, while sales increased by 7.7%. Adjusted personnel costs increased by 3.1% on a constant basis, mainly due to an increased workforce in China.

EBITA amounted to €15.4 in Q1 2011, up 27.9% compared with 2010. On a constant basis, adjusted EBITA increased by 5.1%, from 5.1% of sales in 2010 to 5% during the first quarter of 2011.

1.2.5 | Other operations (3% of Group consolidated sales)

REPORTED (in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	87.5	95.0	(7.9)%
Gross profit	31.3	29.8	5.1%
Distribution and administrative expenses	(37.5)	(33.9)	10.8%
EBITA	(6.2)	(4.1)	
<i>as a % of sales</i>	<i>(7.1)%</i>	<i>(4.3)%</i>	

CONSTANT BASIS ADJUSTED FINANCIAL DATA			
(in millions of euros)	Quarter ended March 31		
	2011	2010	Change in %
Sales	87.5	84.7	3.3%
<i>Same number of working days</i>			2.4%
Gross profit	31.3	29.6	5.7%
<i>as a % of sales</i>	35.8%	34.9%	
Distribution and administrative expenses	(37.5)	(35.3)	6.4%
<i>as a % of sales</i>	<i>(42.9)%</i>	<i>(41.7)%</i>	
EBITA	(6.2)	(5.7)	
<i>as a % of sales</i>	<i>(7.1)%</i>	<i>(6.7)%</i>	

The first quarter of 2011 saw sales in the Asia-Pacific zone decrease by 7.9% compared with 2010 to €87.5 million. The net impact on sales regarding the acquisition and disposal transactions amounted to a negative amount of €15.7 million:

- from the disposal of Haagtechno and HCL Asia, for €37.4 million;
- partially compensated by the effect of the Nortel acquisition in Brazil, for €21.7 million.

The positive effect of exchange rate differences was €5.4 million.

Sales in Latin America amounted to €51.1 million. On a constant basis and same number of working days, they were up 31.7% due to the strong performance of Brazil and Chile.

Agencies/Consumer Electronics (33% of the segment) posted a decline in sales of 29.7% on a constant basis and same number of working days compared with 2010, following the disposal of the SMEG-brand household appliances business in January 2011. Chile (27% of the segment) recorded a 43.2% increase in sales on a constant basis and same number of work days, compared with 2010.

On a constant basis, adjusted EBITA fell slightly. Latin America's performance attenuating the low contribution of other operations.

1.3 | Outlook

Positive sales trends since the beginning of the year, combined with operational leverage, lead the Group to revise upwards its full-year profitability objective:

- Improvement of EBITA margin by at least 50 basis points in 2011 vs. the 5.0% achieved in 2010 (previous guidance was “an improvement by around 50 basis points”),

and to confirm its full-year cash flow generation objective:

- Free cash flow before interest and tax above €500 million.

Rexel confirms its three medium-term strategic priorities:

- Strengthen its market position through organic growth and acquisitions,
- Enhance its profitability and optimize capital employed to achieve its medium-term targets of an EBITA margin close to 6.5% and a return on capital employed close to 14%,
- Generate solid free cash flow.

2.1 | Cash flow at March 31, 2011 and 2010

The following table sets out Rexel's cash flow for the first quarters of 2011 and 2010.

<i>(in millions of euros)</i>	<u>Quarter ended March 31</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Operating cash flow(1)	163.1	75.8	87.3
Interest	(a) (33.2)	(44.6)	11.4
Taxes	(a) (23.5)	(9.0)	(14.5)
Change in working capital requirements	(201.2)	(38.7)	(162.5)
Net cash flow from operating activities	(b) (94.8)	(16.5)	(78.3)
Net cash flow from investing activities	(56.4)	(9.2)	(47.2)
<i>Including operating capital expenditures(2)</i>	(c) (7.1)	(10.5)	3.4
Net cash flow from financing activities	71.1	(34.7)	105.8
Net cash flow	<u>(80.1)</u>	<u>(60.4)</u>	<u>(19.7)</u>
Free cash flow			
Free cash flow:			
- before interest and taxes (b) – (a) + (c)	(45.2)	26.6	(71.8)
- after interest and taxes (b) + (c)	(101.9)	(27.0)	(74.9)
	March 31	March 31	
WCR as a % of sales(3) at:	2011	2010	
Reported financial data	11.3%	11.0%	
Financial data on a constant basis	11.9%	11.5%	
<small>(1) Before interest, taxes and change in working capital requirements.</small>			
<small>(2) Net of disposals.</small>			
<small>(3) Working capital requirements, end of period, divided by prior 12-month sales.</small>			

2.1.1 | Cash flow from operating activities

Rexel's net cash flow from operating activities was an outflow of €94.8 million in the first quarter of 2011 compared to a €26 million outflow during the first quarter 2010.

Operating cash flow

Operating cash flow before interest, income tax and changes in working capital requirements increased from €75.8 million during the first quarter of 2010 to €163.1 million during the first quarter of 2011. This increase is mainly due to an increase in EBITDA of €49.6 million. Moreover, operating cash flow at March 31, 2010 was affected by a non-recurring element regarding the settlement of the Ceteco litigation, for €29.8 million.

Interest and taxes

Interest paid during the first quarter of 2011 totaled €33.2 million compared with €44.6 million in the same period last year, mainly due to the lower cost of financing between the two periods.

In the first quarter of 2011, €23.5 million was paid in income tax compared with €9 million paid in the first quarter of 2010; a €14.5 million increase related to the growth of taxable income, notably in North America.

Change in working capital requirements

Changes in working capital requirement amounted to a net outflow of €201.2 million in the first quarter of 2011 compared with €38.7 million in the same period of 2010. The increase in working capital requirements is a result, principally, of the growth in sales.

As a percentage of sales over the last 12 months, the working capital requirement amounts to 11.3% at March 31, 2011, on a reported basis, compared with 11.0% at March 31, 2010, taking into account the accelerated growth of sales over the last three months.

2.1.2 | Cash flow from investing activities

Cash flow from investing activities consists of acquisitions and disposals of fixed assets, as well as financial investments. Cash flow from investing activities amounted to €56.4 million outflow in the first quarter of 2011 compared with an outflow of €9.2 million in the first quarter of 2010.

<i>(in millions of euros)</i>	Quarter ended March 31	
	2011	2010
Acquisitions of operating fixed assets	(18.4)	(8.9)
Gain/(loss) on disposal of operating fixed assets	13.0	1.4
Net change in debts and receivables on fixed assets	(1.7)	(3.0)
Net cash flow from operating investing activities	(7.1)	(10.5)
Acquisitions of financial fixed assets	(48.3)	(0.8)
Gain/(loss) on disposal of financial fixed assets	-	2.7
Dividends received from equity associates	0.3	-
Net cash flow from financial investing activities	(48.0)	1.9
Net change in long-term investments	(1.3)	(0.6)
Net cash flow from investing activities	(56.4)	(9.2)

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €7.1 million in the first quarter of 2011, compared with a €10.5 million outflow in the first quarter of 2010.

In the first quarter of 2011, gross capital expenditures amounted to €18.4 million, i.e. 0.6% of sales for the period, of which €6.4 million related to IT systems, €6.9 million to the renovation of existing branches and the opening of new branches, €4.0 million to logistics and €1.1 million to other investments. Disposals of fixed assets in the first quarter of 2011 amounted to €13 million, mainly related to the disposal of a non-strategic business in Australia. Net changes in the related payables and receivables amounted to €1.7 million, accounting for an increase in net capital expenditures for the period.

In the first quarter of 2010, gross capital expenditures stood at €8.9 million, i.e. 0.3% of sales for the period, of which €4.4 million related to IT systems, €2.7 million to the renovation of existing branches and the opening of new branches, €0.9 million to logistics and €0.9 million to other investments. Disposals of fixed assets in the first quarter of 2010 amounted to €1.4 million and mainly related to the disposal of a building in the United Kingdom. Net changes in the related payables and receivables amounted to €3.0 million, accounting for an increase in the net capital expenditures of the period.

Financial investments

Rexel's net financial investments represented a net outflow of €48.0 million in the first quarter of 2011 compared with an inflow of €1.9 million in the first quarter of 2010.

Outflows with respect to the acquisition of financial assets during the first quarter of 2011 concern the price of acquisitions net of cash acquired from external growth operations. The overall impact on cash flow of these external growth transactions was an outflow of €48.3 million. These investments relate to Nortel Suprimentos Industriais, Yantra Automation Private Ltd and Wuhan Rockcenter Automation. Furthermore, the integration on January 1, 2011, of Grossauer Elektro Handels translated into €8.7 million in proceeds related to the release of said company's existing cash on the date of the first consolidation.

In the first quarter of 2010, €1.9 million in net cash corresponded to the proceeds from the disposal of financial assets related to the disposal of HLC Asia for €2.7 million. Earn-out on previous acquisitions amounted to an effect of €0.8 million mainly related to New Zealand.

2.1.3 | Cash flow from financing activities

Cash flow from financing activities comprises changes in indebtedness, share capital issuances and payment of dividends.

In the first quarter of 2011, financing activities accounted to additional net inflows of €71.1 million. Outflows comprised:

- a decrease in securitization programs of €85.5 million;
- a decrease in the 2009 Senior Credit Agreement of €19.3 million;

By contrast, inflows comprised:

- other variations in credit lines amounting to €165.9 million, primarily consisting of the issue of commercial paper;
- the conclusion of €6 million in new leasing transactions;
- a capital increase of €2.7 million; and
- net disposals of treasury shares of €1.2 million.

In the first quarter of 2010, financing activities accounted to a €34.7 million outflow. Outflows comprised:

- a decrease in securitization programs of €121.4 million;
- a decrease in the 2009 Senior Credit Agreement of €16.2 million;
- transaction costs paid in connection with 2009 Group refinancing of €3.2 million;
- payment of finance lease liabilities of €1.1 million;
- the repurchase of treasury shares for €0.6 million;

By contrast, inflows comprised:

- additional subscriptions of senior unsecured notes for €75.0 million (€76.7 million including an issuance premium);
- a net change in other credit facilities and bank overdraft of €24.9 million;
- proceeds from the exercise of share capital for €6.2 million.

2.2 | Sources of financing of the Group

In addition to the cash from operations and equity, the Group's main sources of financing are multilateral credit lines, debt issuances and securitization programs. At March 31, 2011, Rexel's consolidated net debt amounted to €2,378.4 million, and was made up as follows:

<i>(in millions of euros)</i>	March 31, 2011			December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior notes	-	659.9	659.9	-	669.5	669.5
Senior credit facility	-	708.4	708.4	-	761.5	761.5
Securitization	417.4	542.5	959.9	-	1,067.6	1,067.6
Bank loans	30.3	5.7	36.0	6.6	1.9	8.5
Commercial paper	187.2	-	187.2	56.9	-	56.9
Bank overdrafts and other credit facilities	64.0	-	64.0	66.6	-	66.6
Finance lease obligations	5.8	13.3	19.1	5.7	7.2	12.9
Accrued interest (1)	17.0	-	17.0	5.2	-	5.2
Less transaction costs	(19.4)	(39.0)	(58.4)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest	702.3	1,890.8	2,593.1	122.0	2,463.5	2,585.5
Cash and cash equivalents			(220.7)			(311.9)
Accrued interest debtor			(2.7)			-
Fair value hedge derivatives			8.7			(0.3)
Net financial debt			2,378.4			2,273.3

(1) of which accrued interest on Senior Notes in the amount of €15.9 million at December 31, 2010 (€25 million at December 31, 2009)

Net financial debt is detailed in note 10 of Rexel's Condensed Consolidated Interim Financial Statements as of March 31, 2011.

At March 31, 2011, the Group's liquidity amounted to €764.4 million, including -€27.2 million of cash net of overdrafts and €791.6 million of undrawn credit facilities.

The Indebtedness Ratio (adjusted consolidated net debt/adjusted consolidated EBITDA for the previous 12 months) is compared with the covenant every six months. The new limits amended by the Agreement of December 21, 2009 are as below:

Date	30/06/2011	31/12/2011	30/06/2012	31/12/2012	30/06/2013	31/12/2013	30/06/2014
Commitment	4.50x	4.00x	3.75x	3.50x	3.50x	3.50x	3.50x

At March 31, 2011, the indebtedness ratio (net debt/EBITDA) calculation was:

<i>(in millions of euros)</i>	March 31, 2011
Net debt at closing currency exchange rates	2,378.4
Net debt at average currency exchange rates (A)	2,421.0
LTM EBITDA ⁽¹⁾ (B)	753.7
Indebtedness ratio (A)/(B)	3.21

(1) Calculated in accordance with the terms of the senior credit contract

The indebtedness ratio, as calculated under the terms of the Senior Credit Agreement, stood at 3.21x at the end of March 2011 (vs. 4.34x at end March 2010), well below the next covenant limit (4.50x at end June 2011).

2.3 | Events after the reporting period

On May 3, 2011, Hagemeyer Deutschland GmbH & Co.KG, an indirect subsidiary of Rexel, entered into a Share Purchase Agreement to acquire all the shares of a family-owned company TEGRO Tech. Elektro Großhandels GmbH for an amount of €2.5 million. TEGRO is based in Germany (Freudenberg) and posted sales of circa €10 million in 2010.

Rexel Distribution, a subsidiary of Rexel, entered into an Equity Joint-Venture Contract with Beijing Zhongheng, a Chinese privately-owned company based in Beijing. Pursuant to this agreement, Rexel Distribution holds a 65% controlling interest in the joint-venture and Beijing Zhongheng holds the remaining 35%. The joint-venture which was authorized by the Chinese authorities will subsequently acquire Beijing Zhongheng's business and assets. Beijing Zhongheng recorded sales of circa €34 million in 2010. Pursuant to the Equity Joint-Venture Contract, Rexel Distribution benefits from a call option to acquire in 2014, the 35% Beijing Zhongheng interest in the joint-venture at a price to be determined on the basis of the future joint-venture performance. Rexel Distribution's current investment of 65% in the joint-venture stands at CNY13.0 million (around €1.3 million).

II. Condensed consolidated interim financial statements

This document is a free translation from French to English of Rexel's original condensed consolidated interim financial statements for the period ended March 31, 2011 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original condensed consolidated interim financial statements for the period ended March 31, 2011, the French version will prevail.

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Consolidated Income Statement

		For the period ended March 31,	
		2011	2010
	(in millions of euros)		
	Note		
Sales	4	3,004.9	2,697.6
Cost of goods sold		(2,243.6)	(2,019.4)
Gross profit		761.3	678.2
Distribution and administrative expenses	5	(606.3)	(573.9)
Operating result before other income and expenses		155.0	104.3
Other income	6	0.8	5.0
Other expenses	6	(4.7)	(20.2)
Operating result		151.1	89.1
Financial income		13.7	11.8
Interest expense on borrowings		(39.6)	(47.4)
Other financial expenses		(15.7)	(15.1)
Net financial loss	7	(41.6)	(50.7)
Share of profit / (loss) of associates		(0.9)	(1.1)
Net income before income tax		108.6	37.3
Income tax	8	(22.1)	(8.0)
Net income		86.5	29.3
Portion attributable:			
to the Group		86.4	29.2
to non controlling interests		0.1	0.1
Earnings per share:			
Basic earnings per share (in euros)	9	0.33	0.11
Fully diluted earnings per share (in euros)	9	0.33	0.11

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Comprehensive Income

<i>(in millions of euros)</i>	For the period ended March 31,	
	2011	2010
Net income	86.5	29.3
Foreign currency translation	(63.8)	80.2
Income tax	(3.2)	5.7
	(67.0)	85.9
Gain (Loss) on cash flow hedges	17.2	(2.0)
Income tax	(6.0)	(0.5)
	11.2	(2.5)
<i>Other comprehensive income/(loss) for the period, net of tax</i>	<i>(55.8)</i>	<i>83.4</i>
Total comprehensive income for the period, net of tax	30.7	112.7
Portion attributable:		
to the group	31.1	112.1
to non-controlling interests	(0.4)	0.6

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Balance Sheet

<i>(in millions of euros)</i>	Note	As of March 31, 2011	As of December 31, 2010
Assets			
Goodwill		3,947.0	3,931.2
Intangible assets		929.4	934.4
Property, plant and equipment		255.9	245.4
Long-term investments	3	58.2	132.1
Investments in associates		7.9	9.3
Deferred tax assets		151.9	138.6
Total non-current assets		5,350.3	5,391.0
Inventories		1,280.5	1,203.1
Trade accounts receivable		2,099.4	2,022.0
Current tax assets		20.4	29.7
Other accounts receivable		387.9	406.4
Assets held for sale		7.1	23.1
Cash and cash equivalents	10.1	220.7	311.9
Total current assets		4,016.0	3,996.2
Total assets		9,366.3	9,387.2
Equity			
Share capital		1,302.5	1,301.0
Share premium		1,384.9	1,383.7
Reserves and retained earnings		1,175.4	1,140.4
Total equity attributable to equity holders of the parent		3,862.8	3,825.1
Non-controlling interests		8.9	9.3
Total equity		3,871.7	3,834.4
Liabilities			
Interest bearing debt (non-current part)	10.1	1,890.8	2,463.5
Employee benefits		172.1	174.4
Deferred tax liabilities		169.1	144.5
Provision and other non-current liabilities	13	141.1	156.3
Total non-current liabilities		2,373.1	2,938.7
Interest bearing debt (current part)	10.1	685.3	116.8
Accrued interest	10.1	17.0	5.2
Trade accounts payable		1,818.9	1,866.2
Income tax payable		27.5	39.8
Other current liabilities		572.8	584.1
Liabilities related to assets held for sale		-	2.0
Total current liabilities		3,121.5	2,614.1
Total liabilities		5,494.6	5,552.8
Total equity and liabilities		9,366.3	9,387.2

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows

<i>(in millions of euros)</i>	Note	For the period ended March 31,	
		2011	2010
Cash flows from operating activities			
Operating income		151.1	89.1
Depreciation, amortization and impairment of assets		23.0	24.0
Employee benefits		(3.2)	(1.8)
Change in other provisions		(11.2)	(39.2)
Other non-cash operating items		3.4	3.7
Interest paid		(33.2)	(44.6)
Income tax paid		(23.5)	(9.0)
Operating cash flows before change in working capital requirements		106.4	22.2
Change in inventories		(79.1)	(23.2)
Change in trade receivables		(96.0)	(2.0)
Change in trade payables		(28.3)	(27.6)
Changes in other working capital items		2.2	14.1
Change in working capital requirements		(201.2)	(38.7)
Net cash from operating activities		(94.8)	(16.5)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(20.1)	(11.9)
Proceeds from disposal of property, plant and equipment		13.0	1.4
Acquisition of subsidiaries, net of cash acquired		(48.3)	(0.8)
Proceeds from disposal of subsidiaries, net of cash disposed		-	2.7
Change in long-term investments		(1.3)	(0.6)
Dividends received from associates		0.3	-
Net cash from investing activities		(56.4)	(9.2)
Cash flows from financing activities			
Capital increase		2.7	6.2
Disposal / (Purchase) of treasury shares		1.2	(0.6)
Net change in credit facilities and other financial borrowings	10.2	146.7	82.2
Net change in securitization	10.2	(85.5)	(121.4)
Payment of finance lease liabilities	10.2	6.0	(1.1)
Net cash from financing activities		71.1	(34.7)
Net (decrease) / increase in cash and cash equivalents		(80.1)	(60.4)
Cash and cash equivalents at the beginning of the period		311.9	359.6
Effect of exchange rate changes on cash and cash equivalents		(11.1)	(9.6)
Cash and cash equivalents at the end of the period		220.7	289.6

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Shareholders' Equity

<i>(in millions of euros)</i>	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation	Fair value	Treasury Shares	Total attributable to the Group	Minority interests	Total
For the period ended March 31, 2010									
At January 1, 2010	1,291.1	1,392.2	791.4	(39.2)	(29.1)	(2.1)	3,404.3	7.8	3,412.1
Foreign currency translation	-	-	-	85.4	-	-	85.4	0.5	85.9
Cash flow hedges	-	-	-	-	(2.5)	-	(2.5)	-	(2.5)
Income and expenses recognized directly in equity	-	-	-	85.4	(2.5)	-	82.9	0.5	83.4
Net income	-	-	29.2	-	-	-	29.2	0.1	29.3
Total comprehensive income for the period	-	-	29.2	85.4	(2.5)	-	112.1	0.6	112.7
Capital increase	6.2	-	-	-	-	-	6.2	-	6.2
Share-based payments	-	-	1.3	-	-	-	1.3	-	1.3
Disposal (Purchase) of treasury shares	-	-	-	-	-	(0.8)	(0.8)	-	(0.8)
At March 31, 2010	1,297.3	1,392.2	821.9	46.2	(31.6)	(2.9)	3,523.1	8.4	3,531.5
For the period ended March 31, 2011									
At January 1, 2011	1,301.0	1,383.7	1,038.6	122.9	(19.3)	(1.8)	3,825.1	9.3	3,834.4
Foreign currency translation	-	-	-	(66.5)	-	-	(66.5)	(0.5)	(67.0)
Cash flow hedges	-	-	-	-	11.2	-	11.2	-	11.2
Income and expenses recognized directly in equity	-	-	-	(66.5)	11.2	-	(55.3)	(0.5)	(55.8)
Net income	-	-	86.4	-	-	-	86.4	0.1	86.5
Total comprehensive income for the period	-	-	86.4	(66.5)	11.2	-	31.1	(0.4)	30.7
Capital increase ⁽¹⁾	1.5	1.2	-	-	-	-	2.7	-	2.7
Share-based payments	-	-	2.7	-	-	-	2.7	-	2.7
Disposal (Purchase) of treasury shares	-	-	-	-	-	1.2	1.2	-	1.2
At March 31, 2011	1,302.5	1,384.9	1,127.7	56.4	(8.1)	(0.6)	3,862.8	8.9	3,871.7

⁽¹⁾ Exercise of share subscription options from the programs established in 2005 (21,107 shares) and 2006 (272,552 shares)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Accompanying Notes

1. | GENERAL INFORMATION

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offer covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (United States and Canada), and Asia-Pacific (mainly in Australia, New Zealand, and China).

These consolidated interim financial statements cover the period from January 1 to March 31, 2011, and were authorized for issue by the Management Board on May 3, 2011.

2. | SIGNIFICANT ACCOUNTING POLICIES

2.1 | Statement of Compliance

These condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) for the period ending March 31, 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the standards of the International Accounting Standards Board (IASB) which are in force and mandatory as at March 31, 2011. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s financial statements prepared for the financial year closed on December 31, 2010 and included in the Registration Document filed with the Autorité des Marchés Financiers on April 11, 2011 under the number D.11-0272.

The IFRS as adopted by the European Union can be consulted on the European Commission’s website: (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.2 | Basis of Preparation

The condensed financial statements as at March 31, 2011 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the condensed consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used at December 31, 2010 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2010, with the exception of the new standards and interpretations disclosed in note 2.3. The new standards and interpretations, which are applicable starting from January 1, 2011, and detailed below, did not have any significant impact on the Group’s condensed financial statements or the financial position for the period ended March 31, 2011.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

2.3 | New accounting standards and interpretations in effect starting from 2011

Since January 1, 2011, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union, but their application had no effect on the Group's condensed financial statements:

- Amendment to IAS 32 "Financial Instruments: Presentation - Classification of Rights Issued" addresses the accounting for certain rights (rights, options, or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, this amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.
- The revised version of IAS 24 "Related Party Disclosures" clarifies the definition of a related party and introduces partial exemptions when the related party is a government-related entity.
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". This interpretation addresses the accounting treatment where the terms of a financial liability are renegotiated and result in the issuance of equity instruments to extinguish all or part of such financial liability.
- Amendment to interpretation IFRIC 14 "Prepayments of a Minimum Funding Requirement". This amendment permits entities subject to minimum funding requirements and which make early payments of contributions to treat the benefit of such early payment as an asset.
- Improvements issued in May, 2010 clarify or introduce small changes to several standards and interpretations.

3. | BUSINESS COMBINATIONS

As part of Rexel's external growth policy aiming to strengthen its presence in emerging countries, increase its market share in mature countries, and improve the offering of its high value-added services, the Group acquired the companies Nortel Suprimentos Industriais in Brazil, Yantra Automation Private Ltd in India, and the assets of Wuhan Rockcenter Automation in China during the first quarter of 2011.

Nortel Suprimentos Industriais, which was acquired on January 19, 2011, is one of the top three Brazilian distributors of electrical materials. It is based in Campinas in the state of São Paulo. The Purchase Agreement stipulates the transfer of 75% of the share capital rights to the Group on the date that control changed over, and a firm commitment to purchase the remaining 25% of residual interests in 2013 based on a price determined in the Purchase Agreement. This transaction was therefore recorded based on the acquisition of all share capital rights on the date that control changed over. Besides, price paid to the shareholders who are subject to conditions of attendance includes a payment based on the future performance of the company, booked as an expense over the period of acquisition of the related shares.

In addition, during December, 2010, the Group acquired two electrical equipment distributors: Grossauer in Switzerland and LuckyWell Int'l Investment Limited in China. However, due to their acquisition date and lack of significant effect on the Group's financial position, these two companies were not consolidated in the financial statements as of December 31, 2010 and the acquired shares were disclosed under "Long-term investments" as of December 31, 2010.

The financial results of these companies are consolidated starting from January 1, 2011.

The table below shows the consideration allocated for identifiable assets and liabilities of the acquired entities, estimated on a provisional basis pending the development of its business plan:

<i>(in millions euros)</i>	
Customer relationship.....	17.1
Other fixed assets.....	14.1
Other non current assets.....	3.1
Current assets.....	70.5
Financial debt.....	(11.8)
Other non current liabilities.....	(8.8)
Current liabilities.....	<u>(31.0)</u>
Net asset acquired (except goodwill acquired).....	53.1
Goodwill acquired.....	<u>92.5</u>
Transferred consideration.....	145.6
Cash acquired	(11.1)
Acquisition related liabilities.....	<u>(15.5)</u>
Net cash paid for the acquisition.....	119.0
Payments in 2010 ⁽¹⁾	(66.8)
Foreign currency translation.....	<u>(3.8)</u>
Net cash flow for the period.....	<u>48.3</u>

⁽¹⁾ converted at the rate of acquisition date

The amount of fees associated with these acquisitions totals €2.9 million, €1.1 million of which was incurred for the period closed on March 31, 2011. The balance was paid in 2010.

Since January 1, 2011, the contribution of these entities to the Group's sales and operating income amounts to €50.0 million and €1.6 million respectively.

4. | SEGMENT REPORTING

In accordance with IFRS 8 "Operating segments", operating segments are based on the the Group's management reporting structure. The information is shown by geographic zone for the electrical equipment distribution business, whereas the other businesses and holding entities are shown separately.

Operations that are substantially similar are combined as a single segment. Factors considered in identifying such segments include the similarity of economic and political conditions, the proximity of operations, the absence of special risks associated with operations in the various areas where the Group operates and when they have similar long-term financial performance.

Based on this structure, the reportable segments are Europe, North America and the Asia-Pacific zone, which include the electrical equipment distribution business of the Group in these areas. The other operating segments are aggregated. They include the Group's electrical equipment distribution operations in Brazil and Chile as well as other businesses managed directly at the Group's headquarters.

The Group's financial reporting is reviewed monthly by the Management Board acting as the Chief operating decision maker.

Information by geographic sector for the periods ending March 31, 2011 and 2010

	2011 (in millions of euros)				Total Operating Segments	Corporate Holdings	Total Group
	Europe	North America	Asia- Pacific	Other segments			
For the period ended March 31							
Sales to external customers.....	1,787.4	845.9	284.1	87.5	3,004.9	-	3,004.9
EBITA ⁽¹⁾	124.4	26.1	15.4	2.2	168.1	(8.4)	159.7
Working capital.....	792.9	376.5	154.9	62.9	1,387.2	(5.9)	1,381.3
Goodwill.....	2,669.2	979.2	251.3	47.3	3,947.0	-	3,947.0
2010 (in millions of euros)							
	Europe	North America	Asia- Pacific	Other segments	Total Operating Segments	Corporate Holdings	Total Group
For the period ended March 31							
Sales to external customers.....	1,620.7	746.1	235.8	95.0	2,697.6	-	2,697.6
EBITA ⁽¹⁾	87.3	14.1	12.0	0.4	113.8	(4.5)	109.3
For the period ended December 31							
Working capital.....	679.7	348.5	133.9	44.1	1,206.2	(11.3)	1,194.9
Goodwill.....	2,644.9	1,028.0	249.0	9.3	3,931.2	-	3,931.2

(1) Ebitda is defined as total operating income before other income and expenses amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities.

The reconciliation of the EBITA with the Group consolidated income before income taxes is presented in the following table:

	For the period ended March 31,	
	2011	2010
(in millions of euros)		
EBITA - Total Group.....	159.7	109.3
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities..	(4.7)	(5.0)
Other income and other expenses.....	(3.9)	(15.2)
Net financial expenses.....	(41.6)	(50.7)
Share of profit/(losses) of associates.....	(0.9)	(1.1)
Group consolidated income before income tax.....	108.6	37.3

The reconciliation of the total allocated assets and liabilities with the Group consolidated total assets is presented in the following table:

	As of March 31	As of December 31
	2011	2010
(in millions of euros)		
Working capital.....	1,381.3	1,194.9
Goodwill.....	3,947.0	3,931.2
Total allocated assets & liabilities	5,328.3	5,126.1
Liabilities included in allocated working capital.....	2,381.5	2,434.9
Other non-current assets.....	1,251.4	1,321.2
Deferred tax assets.....	151.9	138.6
Income tax receivable.....	20.4	29.7
Assets classified as held for sale.....	7.1	23.1
Derivatives.....	5.0	1.7
Cash and cash equivalents.....	220.7	311.9
Group consolidated total assets.....	9,366.3	9,387.2

5. | DISTRIBUTION & ADMINISTRATIVE EXPENSES

<i>(in millions of euros)</i>	For the period ended March 31,	
	2011	2010
Personnel costs (salaries & benefits)	357.9	332.7
Building and occupancy costs	66.4	67.3
Other external costs	144.2	135.8
Depreciation expense	18.4	19.0
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities ..	4.7	5.0
Bad debt expense	14.7	14.1
Total distribution and administrative expenses	606.3	573.9

6. | OTHER INCOME & OTHER EXPENSES

<i>(in millions of euros)</i>	For the period ended March 31,	
	2011	2010
Capital gains	0.1	0.3
Write-back asset impairment	0.2	-
Release of unused provisions	0.1	1.1
Other operating income	0.4	3.6
Total other income	0.8	5.0
Restructuring costs	(2.8)	(13.7)
Loss on non-current assets disposed of	(0.4)	(6.1)
Tangible assets impairment.....	(0.1)	-
Acquisition related costs.....	(1.4)	-
Other operating expenses	-	(0.4)
Total other expenses	(4.7)	(20.2)

6.1 | Other income

Other operating income

For the period ending March 31, 2010, other operating income included €3.4 million in compensation to be received from PPR, the former owner of Rexel, as part of a warranty granted to Rexel in 2005. This amount was received for the year ended December 31, 2010.

6.2 | Other expenses

Restructuring costs

The restructuring costs for the period ending March 31, 2011 mainly involve the completion of a restructuring plan started in 2010 in France totalling €0.7 million and in the Netherlands totalling €1.4 million.

For the period ending March 31, 2010, restructuring costs are mainly related to the continuation of restructuring plans implemented in 2009 to adapt the group structure to its current situation. These costs mainly resulted in the effect of downsizing the distribution network and workforce adaptation in Europe for €8.4 million and in North America for €48 million.

Loss on non-current assets

For the period ending March 31, 2011, the losses on disposals mainly involve discarding equipment disposing of the Smeg brand household electrical appliance distribution business in Australia.

For the period ending March 31, 2010, losses on disposals comprised a €5.9 million loss related to the sale of Hagemeyer Cosa Liebermann in Asia (HCL Asia), a legacy non-core business from Hagemeyer, operating as a wholesaler and duty-free agent of luxury goods in Asian countries, pursuant to a sale and purchase agreement entered into with DKSH Holding Ltd, a privately held Swiss company, on February 25, 2010.

Acquisition-related costs

For the period ending March 31, 2011, the costs incurred for the acquisitions performed and mentioned in note 3 or in the process of being performed total €1.4 million.

7. | NET FINANCIAL EXPENSES

Net financial expenses are composed of the following items:

<i>(in millions of euros)</i>	For the period ended March 31,	
	2011	2010
Expected return on employee benefit plan assets	12.4	11.2
Interest income on cash and cash equivalents	0.7	0.1
Interest income on receivables and loans	0.6	0.5
Financial income	13.7	11.8
Interest expense on financial debt (stated at amortized costs):...	(35.3)	(37.9)
- <i>Senior Credit Facilities</i>	(8.2)	(14.2)
- <i>Senior Notes</i>	(13.4)	(13.0)
- <i>Securitization</i>	(6.5)	(4.8)
- <i>Other financing</i>	(2.2)	(1.4)
- <i>Finance leases</i>	(0.4)	(0.4)
- <i>Amortization of transaction costs</i>	(4.7)	(4.1)
Gains and losses on derivative instruments previously deferred in equity and recycled in the income statement	(5.9)	(9.5)
Change in fair value of derivatives through profit and loss.....	2.0	9.8
Ineffectiveness of interest rate hedges.....	(0.4)	(0.3)
Foreign exchange gain (loss) on financial liabilities	(0.0)	(9.5)
Interest expense on borrowings	(39.6)	(47.4)
Interest cost of employee benefit obligation and other long-term liabilities	(14.0)	(13.6)
Financial expenses (other)	(1.7)	(1.5)
Other financial expenses	(15.7)	(15.1)
Financial expenses (net)	(41.6)	(50.7)

8. | INCOME TAX

Income tax expense for an interim period is calculated based on the tax rate of the expected year-end income, i.e. by applying the average estimated tax rate for the 2011 financial year to the interim income before taxes. The effective tax rate for the period ending March 31, 2011 is 20.2%, compared with 20.9% for the period ended March 31, 2010.

9. | EARNINGS PER SHARE

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	For the period ended March 31,	
	2011	2010
Net income attributed to ordinary shareholders (in millions of euros)	86.4	29.2
Weighted average number of ordinary shares (in thousands).....	260,186	258,584
Non dilutive potential shares (in thousands).....	3,001	2,622
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	263,187	261,206
Basic earning per share (in euros)	0.33	0.11
Net income attributed to ordinary shareholders (in millions of euros)	86.4	29.2
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	263,187	261,206
Potential dilutive shares (in thousands)	2,241	1,323
- of which share options (in thousands)	229	301
- of which bonus shares (in thousands)	2,012	1,022
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	265,428	262,529
Fully diluted earnings per share	0.33	0.11

⁽¹⁾ The number of potential dilutive shares does not take into account the free shares whose allocation is subject to performance conditions.

10. | FINANCIAL LIABILITIES

This note provides information on financial liabilities as of March 31, 2011. Financial liabilities include interest-bearing loans, borrowings and accrued interest less transaction costs.

10.1 | Net financial debt

(in millions of euros)	As of March 31, 2011			As of December 31, 2010		
	Current	Non-current	Total	Current	Non-current	Total
Senior Notes.....	-	659.9	659.9	-	669.5	669.5
Senior Credit Facilities	-	708.4	708.4	-	761.5	761.5
Securitization	417.4	542.5	959.9	-	1,067.6	1,067.6
Bank loans	30.3	5.7	36.0	6.6	1.9	8.5
Commercial paper	187.2	-	187.2	56.9	-	56.9
Bank overdrafts and other credit facilities	64.0	-	64.0	66.6	-	66.6
Finance lease obligations	5.8	13.3	19.1	5.7	7.2	12.9
Accrued interests ⁽¹⁾	17.0	-	17.0	5.2	-	5.2
Less transaction costs	(19.4)	(39.0)	(58.4)	(19.0)	(44.2)	(63.2)
Total financial debt and accrued interest.....	702.3	1,890.8	2,593.1	122.0	2,463.5	2,585.5
Cash and cash equivalents			(220.7)			(311.9)
Accrued interest debtor.....			(2.7)			-
Derivatives fair value.....			8.7			(0.3)
Net financial debt			2,378.4			2,273.3

⁽¹⁾ including accrued interests on Senior Notes for €15.9 million as of March 31, 2011 (€2.5 million as of December 31, 2010)

10.1.1 Senior Credit Agreement

As of March 31, 2011, facilities under the Senior Credit Agreement and other senior term loan agreements were as follows:

Credit Facility (Term Loan)	Commitment <i>(in millions of euros)</i>	Borrower	Balance due as of March 31, 2011		Balance due as of March 31, 2011 <i>(in millions of euros)</i>
			Currency	<i>(in millions of local currency)</i>	
Facility A	390.7	Rexel SA	156.0	CAD	113.2
			384.9	USD	270.9
Facility B	1,074.0	Rexel SA	70.0	CHF	53.8
			500.0	SEK	56.0
			254.6	USD	179.2
2009 Senior Credit Facilities subtotal	1,464.7				
Bilateral line	35.3	Rexel SA	35.3	EUR	35.3
TOTAL	1,500.0				708.4

These multicurrency credit facilities carry interest at EURIBOR or LIBOR rates depending on the currency in which the amounts are drawn, plus a margin which varies depending on the debt ratio. On March 31, 2011, the applicable margins stood at 2% for Facility A and 2.25% for Facility B.

10.1.2 Securitization programs

The Rexel Group manages several securitization programs presented in the table below, with the exception of the US program to assign off-balance sheet receivables, which enable it to obtain financing at a lower cost than issuing bonds or bank loans.

Under these programs, the Group continues to bear a significant part of the payment delay and of the credit risk. Therefore, assigned receivables remain classified as assets on the Group's balance sheet on the line "Trade accounts receivable" whereas the financing received is shown as financial debt, in accordance with IAS39 .

The main features of the securitization programs are summarized in the table below:

Program	<i>(in millions of currency)</i>				<i>(in millions of euros)</i>		Repayment
	Commitment	Amount of receivables pledged on March 31, 2011	Amount drawn down as of March 31, 2011	Balance as of March 31, 2011	December 31, 2010		
2005 - Europe and Australia	EUR 500	EUR 539.2	EUR 393.0	393.0	444.8	11/02/2012	
United States	USD 250	USD 363.6	USD 221.8	156.1	180.4	23/12/2014	
Canada	CAD 140	CAD 211.3	CAD 140.0	101.6	105.1	13/12/2012	
2008 - Europe	EUR 450	EUR 440.3	EUR 309.2	309.2	337.3	17/12/2013	
TOTAL				959.9	1,067.6		

These receivables assignment programs pay interest at variable rates plus a spread which is specific to each program. As of March 31, 2011, the total outstanding amount authorized for these securitization programs amounted to €1,227.6 million and was utilized up to €959.9 million. These programs are subject to certain contractual obligations regarding the quality of the trade receivables portfolio (see note 19.1.3 to the consolidated financial statements as of December 31, 2010). As of March 31, 2011, all contractual obligations related to these securitization programs have been satisfied.

Furthermore, Rexel also operates an off-balance sheet program restricted to its US subsidiaries. Under this program, all risks and obligations attached to the assigned receivables are transferred to the purchaser and such receivables are derecognized from the balance sheet. As of March 31, 2011, derecognized receivables totaled €77.1 million ie USD109.6 million (€97.7 million as of December 31, 2010) and the resulting loss recorded as a financial expense was €0.9 million (identical to March 31, 2010). Cash received in relation to derecognized receivables and not yet transferred to the purchaser totals €21.2 million (USD30.1 million) and is recognized in financial liabilities.

10.1.3 Commercial paper program

In September 2010, Rexel launched a €500 million commercial paper program with a fixed maturity ranging from one to three months depending on the notes issued to diversify the investor base and minimize the cost of financing.

As of March 31, 2011, the company had issued €187.2 million in commercial paper (€56.9 million as of December 31, 2010).

10.2 | Change in net financial debt

As of March 31, 2011 and 2010, the change in net financial debt is as follows:

<i>(in millions of euros)</i>	2011	2010
At January 1	2,273.3	2,401.2
Subscription of Senior Notes.....	-	76.7 ⁽¹⁾
Net change in Term Loan facilities.....	(19.3)	(16.2)
Transaction costs related to the 2009 refinancing.....	-	(3.2)
Net change in other credit facilities and bank overdrafts.....	165.9	24.9
Net change in credit facilities.....	146.7	82.2
Net change in securitization.....	(85.5)	(121.4)
Payment of finance lease liabilities.....	6.0	(1.2)
Net change in financial liabilities.....	67.2	(40.4)
Change in cash and cash equivalents	80.1	64.3
Translation differences.....	(58.3)	92.8
Change in consolidation scope.....	11.8	5.6
Amortization of transaction costs.....	4.7	4.1
Other changes.....	(0.4)	11.8
At March 31	2,378.4	2,539.4

⁽¹⁾ On January 20, 2010, Rexel issued €75 million of notes in addition to the notes of €575 million issued on December 21, 2009. These additional notes fully assimilated to the notes issued on December 21, 2009 pay interest at the rate of 8.25% and are redeemable on December 15, 2016. The issue price was 102.33% of the nominal amount corresponding to €76.7 million.

11. | MARKET RISKS AND FINANCIAL INSTRUMENTS

11.1 | Interest rate risk

In order to hedge its exposure to changing interest rates, the Group has adopted an interest rate hedging strategy aimed at maintaining a hedging ratio on a one-year rolling basis of close to 80% of its net financial debt at fixed or capped rates with the remainder at variable interest rates.

The breakdown of financial debt between fixed and variable rates, before and after hedging, is as follows:

	<i>(in millions of euros)</i>	
	As of March 31, 2011	As of December 31, 2010
Senior notes and other fixed rate debt	691.1	670.6
<i>Fixed rate debt before hedging</i>	691.1	670.6
Floating to fixed rate swaps.....	1,498.1	1,286.4
Fixed to floating rate swaps.....	(475.0)	(475.0)
Active Interest rate options - Collars.....	-	721.3
Sub total fixed or capped rate debt after hedging	1,714.1	2,203.3
Floating rate debt before hedging.....	1,908.0	1,914.4
Floating to fixed rate swaps.....	(1,498.1)	(1,286.4)
Fixed to floating rate swaps.....	475.0	475.0
Active Interest rate options - Collars ⁽¹⁾	-	(721.3)
Cash and cash equivalents.....	(220.7)	(311.9)
Sub total current floating rate debt after hedging	664.3	70.0
Total net financial debt	2,378.4	2,273.3

⁽¹⁾ Interest rate options for which one of the exercise prices (cap or floor) is in the money.

Fair value hedge derivatives

The Group partially swapped the fixed rate debt on the Senior Notes for €475.0 million in variable rate debt. These derivatives are classified as fair value hedges.

As of March 31, 2011, the portfolio associated with derivative financial instruments that qualify as fair value hedges was as follows:

	Total notional amount	Maturity	Weighted average fixed rate paid (received)	Floating rate paid (received)	Fair Value <i>(in millions of euros)</i>
Swaps paying variable rate					
Euro	475.0	December 2016	(2.74%)	3M Euribor	(4.6)
Swaps paying fixed rate					
Euro	(150.0)	March 2012	2.19%	(3M Euribor)	(0.8)
Euro	(100.0)	March 2013	2.29%	(3M Euribor)	(0.4)
Total					(5.8)

⁽¹⁾ Derivative instruments are presented at fair value, including accrued interest.

The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized on the income statement as interest expenses on borrowings. The changes in fair value of the derivatives created to hedge the changes in the fair value of the hedged item are recognized in the income statement to match each other. The change in fair value of these fair value hedging rate swaps for the period ending March 31, 2011 represented a loss of €8.2 million, offset by a gain of €8.8 million gain resulting from the change in the fair value of the Senior Notes.

Cash flow hedge derivatives

In accordance with the policy described above, the Group has entered into several fixed interest rate swap contracts.

The variable rate receiver swaps and the fixed rate payer swaps mature between September, 2011 and March, 2014. The Group intends to renew a significant portion of these swaps in order to hedge the variability of future interest expense related to its floating interest debt, in accordance with the strategy described above. The allocation of hedging instruments among currencies hinges upon the Group's expectations concerning trends of the interest rates linked to those currencies. Those instruments are classified as cash flow hedging instruments and are measured at fair value.

As of March 31, 2011, derivative instruments classified as cash flow hedges are as follows:

	Total notional amount currency <i>(in millions of currency)</i>	Total notional amount currency <i>(in millions of euros)</i>	Maturity	Floating rate received	Weighted average fixed rate paid	Fair value ⁽²⁾ <i>(in millions of euros)</i>
Swaps paying fixed rate						
Swiss Franc	40.0	30.8	March 2013	3M Libor	0.94%	(0.1)
Swiss Franc ⁽¹⁾	30.0	23.1	March 2014	3M Libor	0.81%	0.2
Canadian \$	70.0	50.8	March 2013	3M Libor	2.72%	(0.8)
Canadian \$	100.0	72.5	September 2013	3M Libor	1.57%	1.0
Euros.....	100.0	100.0	March 2012	3M Euribor	1.42%	0.3
Euros.....	200.0	200.0	March 2014	1M Euribor	2.12%	1.2
Swedish Krona	500.0	56.0	September 2012	3M Stibor	2.59%	0.3
US \$	200.0	140.8	September 2011	3M Libor	3.35%	(2.2)
	230.0	161.9	December 2011	3M Libor	3.50%	(3.9)
	200.0	140.8	September 2012	3M Libor	3.18%	(5.5)
	280.0	197.1	March 2013	3M Libor	2.82%	(7.7)
British £ ⁽¹⁾	25.0	28.3	March 2012	3M Libor	1.97%	(0.2)
Total		1,201.9				(17.4)

⁽¹⁾ Swap with a total notional amount of CHF90 million, CHF60 million of which is not classified as cash flow hedges since they exceed the underlying debt. This reclassification has resulted in running the latent value of this swap component through the income statement without this having a material impact on the consolidated financial statements.

⁽²⁾ Derivative instruments are presented at fair value, including accrued interest.

The change in fair value of the cash flow hedging instruments for the period ending March 31, 2011 was recorded as a €17.2 million increase in equity (before tax).

Sensitivity to interest rate variation

As of March 31, 2011, a 1% rise in interest rates on variable debt after effective interest rate hedging would lead to an increase in the yearly interest expense estimated at €5.6 million and a €16.9 million increase in equity.

11.2 | Foreign exchange risk

Forward contracts

Foreign exchange risk exposure arises principally from external financing in foreign currencies or financing extended to foreign affiliates in their local currency or that received from them. In order to neutralize foreign exchange risk exposure, the positions denominated in currencies other than the euro are hedged using forward contracts with a term generally ranging from one to three months. The hedge contracts are renewed as necessary while exposure remains.

On March 31, 2011, the notional value of forward contracts was €112.6 million (€500.2 million of forward sales and €387.6 million of forward purchases); they are recognized at their fair value for a negative net amount of €2.7 million. The change in fair value of forward contracts for the period ending March 31, 2011 was recorded under operating income for €0.8 million, under financial expense for €-1.8 million, and through variation of cash-flow hedge reserve for €1.0 million.

Currency options

In addition, since the presentation of the financial statements is in euros, the Group is required to translate income and expenses denominated in other currencies into euros in preparing its financial statements at average rates applicable to the period. Therefore, the Group has entered into several currency options to partially hedge the effect of its exposure to the translation risk related to its foreign operations. These instruments are qualified as held for trading under IAS 39.

Currency options recognized as of March 31, 2011 are shown in the table below:

	Total notional amount <i>(in millions of currency)</i>	Total notional amount <i>(in millions of euros)</i>	Maturity	Premium paid <i>(in millions of euros)</i>	Fair value <i>(in millions of euros)</i>
Put options					
Australian dollar.....	47.0	34.2	December 2011	1.1	1.1
Canadian dollar.....	69.0	50.1	December 2011	1.1	1.6
Swiss franc.....	33.0	25.4	December 2011	0.4	0.2
British Pound.....	20.0	22.6	December 2011	0.4	0.9
Total		132.3		3.0	3.8

The closing fair value of currency options is equal to €3.8 million, whereas the premiums paid for these currency options amounted to a total of €3.0 million. The change in fair value of €0.8 million is recorded as a financial income.

Sensitivity to changes in foreign exchange rates

The presentation currency of the financial statements being the euro, the Group is required to translate into euro those assets, liabilities, revenues and expenses denominated in currencies other than the euro in preparing its financial statements.

The results of these operations are included in the Group's consolidated income statement after conversion at the average rate applicable to the period. On an annual basis, a 5% increase (or decrease) of the euro against the main currencies (US dollar, Canadian dollar, Australian dollar and British Pound) would lead to a decrease (increase) in sales of €273.0 million and a decrease (increase) in operating income before other income and other expenses of €11.6 million.

The Group's financial liabilities and shareholders' equity are likewise included on its consolidated balance sheet after conversion at the financial year-end exchange rate. Thus, a 5% appreciation (depreciation) of the euro against the other currencies as compared to the closing exchange rates as of March 31, 2011 would result in a corresponding decrease (increase) in financial debt and shareholders' equity of €68.8 million and €87.0 million respectively.

Financial debt per repayment currency

The table below presents the financial debt's sensitivity to exchange rate changes for each repayment currency:

<i>(in millions of euros)</i>	Euro	US dollar	Canadian dollar	Australian dollar	Norwegian krona	Swedish krona	Pound sterling	Swiss franc	Other currency	Total
Financial liabilities	1,399.0	623.4	215.5	77.3	1.0	56.8	130.8	54.2	41.1	2,599.1
Cash and cash equivalents.....	(112.2)	(39.3)	2.2	(13.0)	(5.2)	(4.0)	(18.9)	(10.8)	(19.5)	(220.7)
Net financial position before hedging	1,286.8	584.1	217.6	64.3	(4.2)	52.9	111.8	43.4	21.6	2,378.4
Impact of hedge.....	(283.5)	(16.0)	18.6	22.3	(42.6)	140.1	(108.4)	226.1	43.5	-
Net financial position after hedging	1,003.3	568.2	236.2	86.6	(46.8)	193.0	3.4	269.5	65.0	2,378.4
Impact of a 5% increase in exchange rate.....	-	28.4	11.8	4.3	(2.3)	9.6	0.2	13.5	3.3	68.8

11.3 | Liquidity Risk

The €650 million debt from the Senior Notes matures in December 2016, while credit lines A and B pertaining to the Senior Credit Agreement and to the bilateral credit agreement mature in December 2011, December 2012 and December 2014 for €200 million, €200 million and €1,100 million respectively.

Moreover, these credit lines would become payable if Rexel failed to fulfil its commitments described in note 19.1.2 of the consolidated financial statements prepared for the financial year ending December 31, 2010.

Lastly, securitization programs mature in 2012, 2013 and 2014. The financing arising from these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation. In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short term debt (commercial paper, *billets de trésorerie*) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The contractual repayment schedule of financial liabilities is as follows:

	(in millions of euros)	
	As of March 31, 2011	As of December 31, 2010
Due within		
One year	719.0	140.9
Two years.....	110.1	553.5
Three years.....	283.5	334.6
Four years.....	865.0	941.1
Five years.....	2.9	1.8
Thereafter.....	668.3	676.8
Total financial debt.....	2,648.8	2,648.7
Transaction cost.....	(58.4)	(63.2)
Financial debt.....	2,590.4	2,585.5

As of March 31, 2011, the remaining contractual due dates in relation to financial indebtedness and derivatives, including interest owed, are as follows:

	(in millions of euros)		
Due within	Financial debt & interests	Derivatives	Total
One year	808.1	(11.5)	796.6
Two years.....	215.0	(3.3)	211.7
Three years.....	379.0	1.0	379.9
Four years.....	946.8	(2.7)	944.0
Five years.....	56.5	(3.8)	52.7
Thereafter.....	717.0	(4.4)	712.6
Total financial debt.....	3,122.3	(24.8)	3,097.6

In addition, the trade accounts payable amounted to €1,818.9 million on March 31, 2011 (€1,866.2 million on December 31, 2010) and are due in less than one year.

12. | SEASONALITY

Despite the low impact of seasonality on sales, the changes in the working capital requirement lead to seasonal cash flows, with, as a general rule, a weaker first and third quarter, because of the increase in working capital requirement and a stronger second and fourth quarter.

13. | LITIGATION

For the period ended March 31, 2011, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2010, with a significant impact on Rexel's financial position or profitability.

14. | EVENTS AFTER THE REPORTING PERIOD

On May 3, 2011, Hagemeyer Deutschland GmbH & Co.KG, an indirect subsidiary of Rexel, entered into a Share Purchase Agreement to acquire all the shares of a family-owned company TEGRO Tech. Elektro Großhandels GmbH for an amount of €2.5 million. TEGRO is based in Germany (Freudenberg) and posted sales of circa €10 million in 2010.

Rexel Distribution, a subsidiary of Rexel, entered into an Equity Joint-Venture Contract with Beijing Zhongheng, a Chinese privately-owned company based in Beijing. Pursuant to this agreement, Rexel Distribution holds a 65% controlling interest in the joint-venture and Beijing Zhongheng 35%. The joint-venture which was authorized by the Chinese authorities will subsequently acquire Beijing Zhongheng's business and assets. Beijing Zhongheng recorded sales of circa €34 million in 2010. Pursuant to the Equity Joint-Venture Contract, Rexel Distribution benefits from a call option to acquire in 2014 the 35% Beijing Zhongheng interest in the joint-venture at a price to be determined on the basis of the future joint-venture performance. Rexel Distribution's current investment of 65% in the joint-venture stands at CNY13.0 million (around €1.3 million).